

# **California's Electricity Planning and Procurement Process: A Proposal**

**Prepared by the Staff of the:  
California Energy Commission  
California Public Utilities Commission  
California Independent System Operator**



# Electricity Planning and Procurement Process

## Charge:

**Develop a single electricity supply planning and procurement process that fully coordinates the individual processes and proceedings of the CEC, CPUC, and CAISO.**



# **Electricity Planning and Procurement Process**

## **Process Goals:**

- **Eliminate duplication and overlap.**
- **Coordinate information requests.**
- **Clarify relationships between proceedings.**
- **Maximize use of organizational expertise.**
- **Actively involve the utilities and industry.**
- **Be open and accessible to the public.**
- **Make decisions only once.**



# Electricity Planning and Procurement Process

## Planning Goals:

- Support state and federal policy objectives.
- Evaluate the tradeoffs between all options.
- Identify and preserve transmission corridors.
- Recognize regional nature of system.
- Monitor progress against plan.



# **Electricity Planning and Procurement Process**

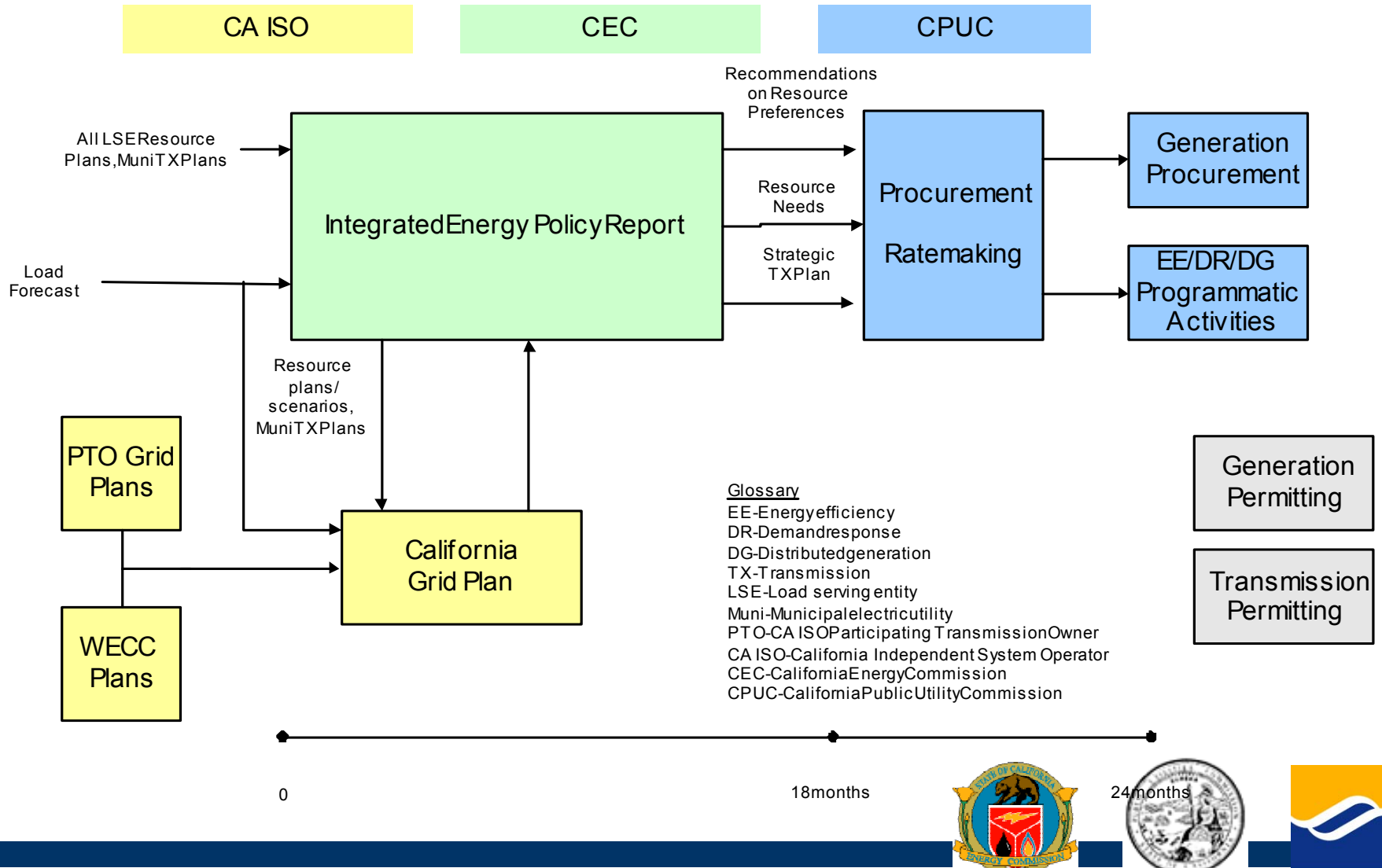
## **Measurable End Result:**

**Provide reliable, efficient, affordable, and environmentally sensible electricity resources for California's consumers in an efficient and timely manner.**



# California Electric Resource and Transmission Planning Process

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# Energy Report

## Purposes:

- Objective information on loads / resources.
- Assess impacts of alternatives.
- Assess natural gas and electricity relations.
- Assess relationship with western system.
- Evaluate and recommend policies.
- Adopt a strategic transmission plan.



# Energy Report

## Inputs:

- LSE load forecasts
- LSE resource plans
- LSE system prices
- CAISO grid plan
- CAISO studies
- Costs of alternatives
- State policies

## Outputs:

- Integrated plan
- Load forecasts
- Need for resources
- Need for transmission
- Environmental review
- Uncertainties & risks
- Policy proposals





# Procurement

## Purposes:

- Establish procurement policies.
- Evaluate and approve IOU procurement plans.
- Evaluate IOU acquisition proposals.
- Clarify IOU customer base (core / non-core...).
- Establish cost recovery mechanisms.
- Establish resource adequacy requirement.



# Procurement

## Inputs:

- ER resource need
- ER transmission need
- IOU procurement plan
- State policies

## Outputs:

- Approved plan
- Process guidance
- Efficiency programs
- DG policies
- Demand response plan
- QF policies
- Community choice



# Grid Plan

## Purposes:

- Identify transmission needs.
- Review proposed transmission projects.
- Review generation scenarios.
- Review and identify transmission alternatives.
- Oversee FERC generation interconnection.
- Determine RMR requirements.
- Coordinate with Western Interconnection.



# Grid Plan

## Inputs:

- PTO plans
- ER load forecasts
- ER resource needs
- ER transmission need
- Operations data
- Market data
- Congestion patterns
- WECC information
- State policies

## Outputs

- California grid plan
- Transmission reports
- Preferred alternatives
- Interconnection reqs.
- RMR basis
- WECC interface



# Monitoring

**Improved monitoring is necessary:**

- **Energy efficiency**
- **Demand response**
- **Distributed generation**
- **Resource adequacy compliance**
- **Market operations**



# Challenges

## **Creating an integrated resource plan:**

- **How to evaluate all the options?**
- **What attributes are to be compared?**
- **How to factor in policy goals?**
  - **Do you accept them as givens?**
  - **Do you evaluate them objectively?**



# Challenges

- **What is a common definition of “need”?**
- **What level of detail is necessary?**
- **Where do you start?**
- **What is the appropriate balance?**
  - **Danger of technical obsession**
  - **Danger of political predetermination**



# Challenges

- **Consistent confidentiality definition.**
- **Permitting jurisdiction resolution.**
- **Adequate staff and contractor resources:**
  - Data management
  - System evaluation
  - Integrated plan development
  - Monitoring





# Near-term Changes

- **Agreement to coordinate agency proceedings.**
- **Recognize key role of all LSEs for data and analysis.**
- **Agreement for non-IOU participation.**
- **Agree on definition of confidentiality.**
- **Identify areas where re-litigation is allowed.**
- **Focus load forecasts and resource work.**
- **Evaluate existing monitoring systems.**
- **Resolve transmission permitting issue.**



# Mid-term Changes

- **Develop standards for comparing options.**
- **Update agency regulations on process, deference, “great weight”, confidentiality ...**
- **Coordinate CPUC and CEC transmission proceedings.**
- **Identify any needed transmission corridors.**
- **Secure adequate additional resources.**
- **Develop method to disaggregate forecasts.**
- **Augment monitoring systems.**



# Long-term Changes

- **Codify coordinated process.**
- **Codify agency decision relationships.**
- **Codify LSE participation in process.**
- **Codify LSE resource adequacy requirements.**
- **Develop jointly acceptable methodologies.**
- **Jointly develop common input assumptions.**
- **Codify ability to bank transmission corridors.**
- **Evaluate intervenor funding at CEC?**
- **Need for federal legislative changes?**



# Next Steps

- **Continue developing details of a “single process”.**
- **Begin resolving challenges.**
- **Begin implementing the near-term changes.**
- **Report back on details and progress**
- **Conduct a joint hearing on a more detailed proposal**

